



State of Wisconsin  
**Department of Health and Family Services**

Jim Doyle, Governor  
Helene Nelson, Secretary

**Northern Wisconsin Center**

Change to Base	FY 04		FY 05	
	GPR/GPR Earned/SEG	Federal	GPR/GPR Earned/SEG	Federal
Reduction in Institutional Costs	(\$4,028,100)	(\$5,658,400)	(\$10,300,000)	(\$14,443,200)
Costs of Placements	\$2,663,500	\$3,741,500	\$5,253,200	\$7,366,400
Additional Staff, Dental Subsidy	\$116,500	\$96,500	\$123,400	\$103,400
Bed Tax Loss	\$402,000		\$847,000	
Loss of GPR Earned Revenue	\$242,600		\$2,515,900	
Net	(\$603,500)	(\$1,820,400)	(\$1,560,400)	(\$6,973,400)

**Description of Proposal**

- Between March 2003 and June 2004, significantly downsize Northern Wisconsin Center (NWC). Phase-out long term care for individuals with developmental disabilities at Northern Center by filing a plan under Chapter 50 of the Wisconsin Statutes that allows the Department to downsize a facility and relocate residents. Relocate all current long-term care residents, primarily to community settings. The phase-out would be complete by July 2004.
- Retain at NWC an intensive treatment program to serve 20 clients and the dental clinic.
- Provide funding for additional capacity at Central Wisconsin Center (CWC) to support relocations from Northern when community placement is not feasible or possible.

**Background**

- Northern Wisconsin Center (NWC), located in Chippewa Falls, serves approximately 170 adults with developmental disabilities.
- For twenty years the Department has been moving residents of the Centers for the Developmentally Disabled to the community under a federal waiver program known as the Community Integration Program (CIP 1A). This federal waiver allows the state to use Medicaid funds that would have paid for an individual's care at a Center to pay for that person's alternative care in the community. Since the CIP 1A program started, the Department has succeeded in placing over 1,000 individuals in the community.
- As Center populations decrease, the cost per resident increases and it becomes less cost effective to operate the Centers.
- Chapter 50 of the Wisconsin statutes allows the Department to take an administrative action to file a plan to reduce the number of long-term beds at Northern. Once the plan is approved, the Department would provide an enhanced daily rate for community placements from Northern. This enhanced rate will expedite placements and allow the Center to close its long-term beds by July 2004.

## Rationale for Proposal

- Community placements are now the norm for individuals with developmental disabilities, rather than institutional care. There are many placement options and networks of experienced service providers who enable individuals to live in the community.
- Reducing the use of large residential institutions serving individuals with developmental disabilities is a national trend. Wisconsin lags behind this trend. Over the last 10 years, 39 states have closed at least one large facility. Although the majority of individuals with developmental disabilities live in community placements in Wisconsin, the state devotes a disproportionate amount of its fiscal resources to institutions.
- This policy follows the direction laid out by the federal government in the Olmstead decision [*Olmstead v. L.C. and E.W. (1999)*]. In that decision, the U. S. Supreme Court held that unnecessary segregation in institutions equals discrimination under Title II of the American Disabilities Act. The court said that public entities must provide community-based services when certain criteria are met. The court also noted that a state would have a good defense if it had a “comprehensive working plan for placing people with disabilities in less restrictive settings” and a waiting list that moved at a reasonable pace. In the wake of the Olmstead case, the federal government is requesting and expecting states to enhance community care options for individuals. The Department’s proposal to downsize NWC is consistent with Olmstead.
- Downsizing Northern will provide all NWC residents an opportunity to live in the community.
- Wisconsin has a strong commitment to provide a high quality of care to individuals with developmental disabilities placed in the community.
- Wisconsin has experience in moving large numbers of people from institutions to community settings. Several nursing homes and Intermediate Care Facilities-Mentally Retarded (ICFs-MR) in Wisconsin have recently closed under the Chapter 50 process. People with complex care needs who lived there for many years were relocated into high quality community settings that were developed to meet individual needs.
- The relocation process in Chapter 50 was created to ensure that there is a safe and orderly relocation of people as well as to mitigate the occurrence of any potential transfer trauma. As part of the Chapter 50 process, guardians and the people being relocated will be very involved and kept well informed. Counties will be the state’s partners in fulfilling this obligation.
- To oversee the transition from an institutional to a community setting and to ensure the quality and safety of community placements, 4.0 FTE quality assurance and community placement staff will be added. Staff will work with county agencies to develop detailed community care plans and oversee arrangements for the care that is needed for individuals being placed in the community.
- State fiscal problems have created a need for state agencies to reduce expenses and state staff. At \$522/day, NWC is the most expensive Center to administer. Reducing capacity at Northern will generate some savings for the state and avoid institutional cost increases in future years.
- Over 90% of guardians of individuals with developmental disabilities who have been placed in the community are satisfied with the medical and dental care received in the community.
- Downsizing NWC will reduce the state’s share of Medicaid expenditures on institutional costs by \$4.0 million GPR in FY 04 and \$10.3 million GPR in FY 05. The majority of the savings from NWC downsizing will be reinvested in

community placements at a cost of \$2.7 million GPR in FY 04 and \$5.3 million GPR in FY 05. There will be additional limited state administrative costs for quality assurance of \$116,500 GPR in FY 04 and \$123,400 GPR in FY 05. The state will lose \$402,000 in FY 04 and \$847,000 in FY 05 of federal funding associated with Medicaid related to the bed tax. The state will also lose \$242,600 in FY 04 and \$2.5 million in FY 05 of GPR-earned funds related to administrative overhead, depreciation and interest costs that are currently claimed from the federal government. The net savings to the general fund from this initiative will be \$.6 million GPR in FY 04 and \$1.6 million GPR in FY 05, for a biennial savings of \$2.2 million.

- The Department will work with NWC to place staff in the DHFS At Risk Referral System so that employees may be given consideration for other vacancies in the agency. NWC employees will also be included in the statewide Wisconsin Employee Referral Service (WISCERS), a system that will provide access to job openings in other state agencies. The Department will provide supportive services, counseling and assistance on how to conduct job searches, write resumes and cope with job loss. The Department of Employee Trust Funds staff will also be available to discuss retirement and associated benefits. The Department will work with the local Workforce Development Board to provide information and assistance on reemployment opportunities, retraining options, available community resources and related support to meet NWC employees' immediate and long term needs.
- Leading advocacy organizations in Wisconsin as well as the Wisconsin Counties' Association have called for the closure of one or two state Centers for several years.